

EXHIBIT B-1  
to  
Interim Reclamation Contract  
Geneva Steel

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
3 Triad Center, Suite 350  
355 West North Temple  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

Released  
7/26/95  
Original return  
to Operator 7/27/95  
m/021/008  
RECEIVED

OCT 08 1991 0012

DIVISION OF  
OIL GAS & MINING

**SELF BONDING AND INDEMNITY AGREEMENT**

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This Self Bonding and Indemnity Agreement ("Agreement") is entered into by and between Geneva Steel ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, § 40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has executed an Interim Reclamation Contract relating to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008 from the Division of Oil, Gas and Mining ("Division") to operate the Comstock and Iron Mountain Mines, both iron mines, in Iron County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the Comstock and Iron Mountain Mines pursuant to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008, including revisions and amendments (collectively "Permits"), the Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as reclamation surety required by the



Act to cover \$540,549 of the \$1,180,500 total surety amount established for reclamation under the Permits; and,

WHEREAS, the Operator has designated Robert A. Johnson, Vice President and General Counsel, Geneva Steel, 10 South Geneva Road, Vineyard, Utah 84058 as its agent for service of process in the State of Utah; and,

WHEREAS, the Operator has been in continuous operation as a business entity for more than four years; and,

WHEREAS, as is indicated on financial sheets submitted to the Board, the Operator meets the financial criteria for a written contractual agreement; and,

WHEREAS, the Operator has submitted to the Division and Board financial statements which are accompanied by an audit opinion prepared by Arthur Anderson & Co. which indicated compliance with the financial criteria.

NOW, THEREFORE, in return for permission to mine pursuant to the Act, the applicable rules and the Permit, in addition to other consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator agrees to be held and bonds to the Board for the sum of \$540,549 for the timely performance of reclamation responsibilities for the Comstock and Iron Mountain Mines, Permit Nos. M/021/001 (partial), M/021/005, M/021/008, in United States currency. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.



The conditions of the above obligations as set forth and subject to the provisions of the Interim Reclamation Contract are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation of the Iron Mountain & Comstock Mines as set forth in the Act, the applicable rules, and the terms of the Permits.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for the Permits for the period of time and in the manner specified in the Act, the applicable rules, and the terms of the Permits. The liability or responsibility of the Operator hereunder is \$540,549, provided that the Board may adjust the amount of liability hereunder as provided in Section 5 hereof.

3. Geneva Steel (operator) hereby agrees to indemnify and hold the Board and Division harmless from any claim, demand, liability, costs, charge, or suit brought by a third party as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the Permits and from any failure to comply with the terms of this Agreement.

4. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, the applicable rules, and the Permits have been fulfilled. If it is determined that such duties and



obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Iron County, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination, upon failure of which the notice of termination shall be ineffective.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the effective date of this Contract, or if the Operator fails, within the time periods set out



paragraph seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Operator will initiate reclamation or petition of the Board for an extension of this Agreement or for such other relief as may be appropriate under the circumstances.

9. Pursuant to the Interim Reclamation Contract, this Agreement shall be modified or superseded by a surety satisfactory to the Board to assure the performance of reclamation as provided in the final approved reclamation plans for the Permits.

10. This Agreement will be governed and interpreted according to Utah law.

11. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs incurred by the Board if the Board is successful in any action or suit regarding this agreement.

SO AGREED this 2<sup>nd</sup> day of October, 1991.

GENEVA STEEL

Oct. 4, 1991  
Date

October 2, 1991  
Date

Robert A. Johnson  
Corporate Officer Name and Title  
Robert A. Johnson, Vice President

James W. Carter  
James W. Carter, Chairman  
Board of Oil, Gas and Mining

APPROVED AS TO FORM:

Thomas A. Mitchell  
Assistant Attorney General

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OCT 08 1991

DIVISION OF  
OIL GAS & MINING



STATE OF UTAH )  
 : ss.  
COUNTY OF UTAH )

On the 4th day of October, 1991, personally appeared before me ROBERT A. JOHNSON who being by me duly sworn did say that he is the Vice President of GENEVA STEEL and that said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its Board of Directors and said ROBERT A. JOHNSON duly acknowledged to me that said corporation executed the same.



My commission expires:

2-6-94

Lori G. Loumis  
NOTARY PUBLIC, residing in  
Salt Lake City, Utah

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DIVISION OF  
OIL GAS & MINING

## EXHIBIT A

### to Self Bonding and Indemnity Agreement Geneva Steel

Description of disturbed areas and estimated reclamation costs. All acreages are subject to adjustment after completion of pending survey.

#### I. Iron Mountain Mine Area

##### A. Areas covered by NOI M/021/008

1.	Iron Mountain NE $\frac{1}{4}$ Sec. 2, T37S, R14W	12 acres	\$36,000
2.	Blackhawk Fines Area E $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 34, SW $\frac{1}{4}$ Sec. 35, T36S, R14W; NW $\frac{1}{4}$ Sec. 2, T37S, R14W	27 acres	\$81,000
3.	Mountain Lion S $\frac{1}{2}$ Sec. 19, NW $\frac{1}{4}$ Sec. 30, T36S, R13W	53 acres	\$159,000

##### B. Areas not previously covered by NOI's or previously exempt as small mining operations

1.	Burke Pit SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 34, SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 35, T36S, R14W	1.5 acres	\$4,500
2.	Chesapeake & Excellsior W $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 25, T36S, R14W	8 acres	\$24,000
3.	Tip Top E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 25, T36S, R14W	3 acres	\$9,000

#### II. Comstock Mine Area

##### A. Area included among others and covered by NOI M/021/002 (BHP-Utah Minerals International).

1.	UII Comstock Plant Area W $\frac{1}{2}$ Sec. 29, E $\frac{1}{2}$ Sec. 30, T36S, R13W	36 acres	\$108,000
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B. Area covered by NOI M/021/005 (CF&I Company)

1. Comstock Area	253 acres	\$759,000
Portions of Sec. 30, T36S, R13W (Original acreage 265. Twelve acres subsequently covered by NOI M/021/008 as item I.A.1 above - Iron Mountain Mine)		

TOTAL:	<hr/>	\$1,180,500
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